



2017-19 Postsecondary Budget Recommendations

Indiana Commission for Higher Education

October 28, 2016



Overview

- Performance Funding for Higher Education
- Indiana and the National Landscape
- Budget Process and Components
- Staff Budget Recommendation



Indiana's Performance Funding for Higher Education

6 Performance Funding Metrics

- Overall Degree Completion
- On-Time Degree Completion Rate
- At-Risk Degree Completion (PELL)
- High-Impact Degree Completion (STEM)
- Remediation Success Rate
- Persistence Counts



Overall Degree Completion Increasing Statewide

Statewide Overall Degree Completion							
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	5 YR % Increase
18-29 Credit Hour Certificates	388	1,119	2,186	2,121	2,723	2,297	492%
1 Year Certificates	2,199	2,683	3,318	4,602	7,267	7,722	251%
Associate Degrees	7,417	8,676	9,665	10,201	10,867	10,951	48%
Bachelor Degrees	20,312	21,089	22,474	23,295	23,392	23,933	18%
Masters Degrees	4,402	4,747	4,854	5,058	4,770	4,343	-1%
Doctoral Degrees	778	828	830	832	830	902	16%
TOTAL OVERALL DEGREES CONFERRED	35,496	39,142	43,327	46,109	49,849	50,148	41%

****18-29 credit hour certificates are included for the first time.***



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On-Time Graduation Rates Increasing Statewide

Statewide On-Time Graduation Rate Increase							
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	5 YR % Increase
2 Year Institutions (Associates Only)	5.3%	4.1%	3.4%	4.5%	6.9%	7.5%	2.2%
4 Year Institutions (Bachelor Only)	27.2%	28.2%	29.8%	31.6%	32.0%	36.2%	9.0%
Statewide On-Time Completers							
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	5 YR % Increase
2 Year Institutions (Associates Only)	601	500	474	421	641	665	11%
4 Year Institutions (Bachelor Only)	6,103	6,424	6,988	7,418	7,433	8,253	35%

****Increases in on-time completion achieved at all 15 campuses.***



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At-Risk & High Impact Degree Completion Increasing Statewide

Statewide At-Risk Degree Completion

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	5 YR % Increase
18-29 Credit Hour Certificates	182	640	1,196	1,351	1,455	1,346	640%
1 Year Certificates	850	1,326	1,735	2,669	3,525	4,123	385%
Associate Degrees	2,684	3,521	4,161	5,337	4,924	5,006	87%
Bachelor Degrees	5,032	6,197	6,855	7,716	7,781	7,969	58%
TOTAL OVERALL DEGREES CONFERRED	8,748	11,684	13,947	17,073	17,685	18,444	111%

Statewide High-Impact Degree Completion

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	5 YR % Increase
Bachelor Degrees	3,184	3,405	3,464	3,515	3,561	3,899	22%
Masters Degrees	492	564	644	581	560	585	19%
Doctoral Degrees	179	181	182	209	191	203	13%
TOTAL OVERALL DEGREES CONFERRED	3,855	4,150	4,290	4,305	4,312	4,687	22%



Remediation Success Rates Statewide

Statewide Remediation Success Rates							
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	5 YR % Change
Only Math Courses							
Gateway success rate	28.5%	24.2%	19.2%	24.7%	25.3%	28.5%	-0.03%
Only English Courses							
Gateway success rate	25.6%	21.8%	20.6%	19.8%	21.1%	32.2%	6.66%
Both Math and English Courses							
Gateway success rate	12.7%	9.3%	9.3%	13.0%	14.9%	17.1%	4.44%



Statewide Persistence Benchmarks Show Declines

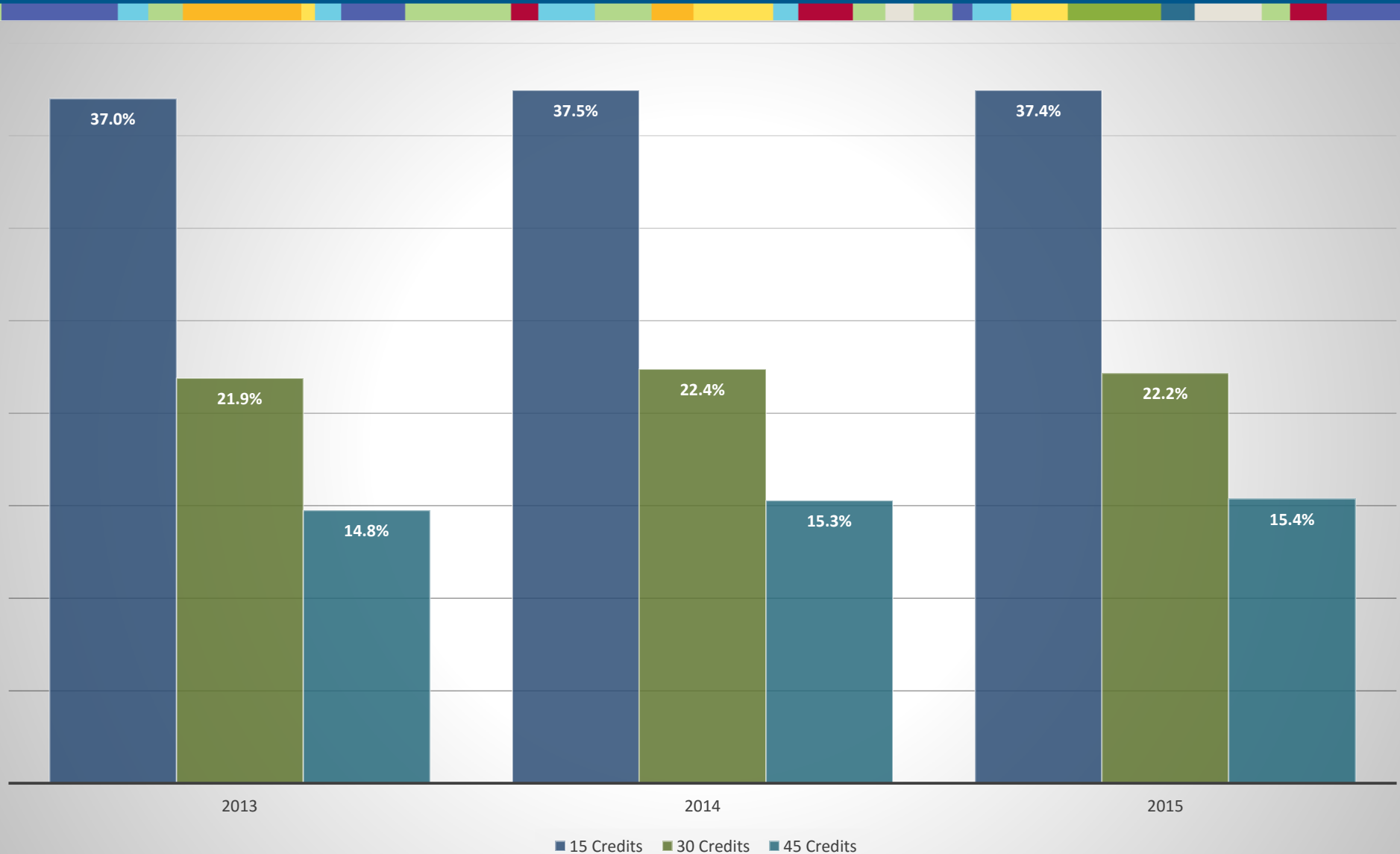
Statewide Persistence Counts							
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	5 YR % Change
2 Year Institutions (Persistence)							
Completed 15 Credit Hours	31,289	30,404	28,698	28,134	19,947	18,015	-42%
Completed 30 Credit Hours (2YR)	18,644	21,870	20,240	18,685	16,572	14,996	-20%
Completed 45 Credit Hours	12,836	15,522	15,817	14,475	13,661	12,637	-2%
4 Year Institutions (Persistence)							
Completed 30 Credit Hours (4YR)	9,080	9,316	9,454	9,136	9,575	9,011	-1%
Completed 60 Credit Hours	9,337	9,506	9,576	8,173	8,161	8,566	-8%
OVERALL STUDENTS PERSISTING	81,186	86,618	83,785	78,603	67,916	63,225	-22%

- Persistence benchmarks are closely and more quickly correlated to enrollment changes, which accounts for much of the declines presented here.*
- The success rate of persistence benchmarks is slightly increasing.*



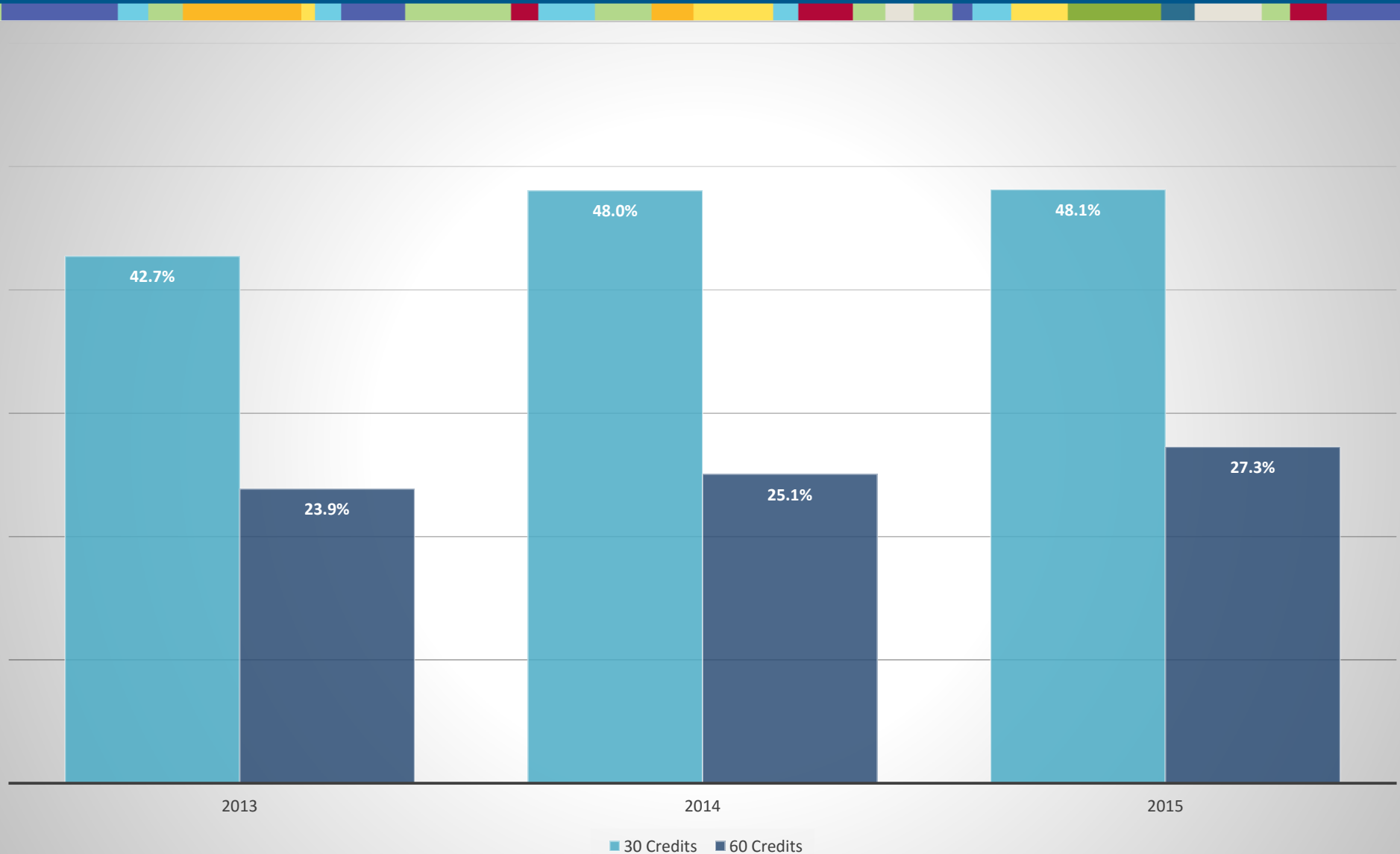
Persistence Success Rates (2-Year)

**3 Years of Data Available*

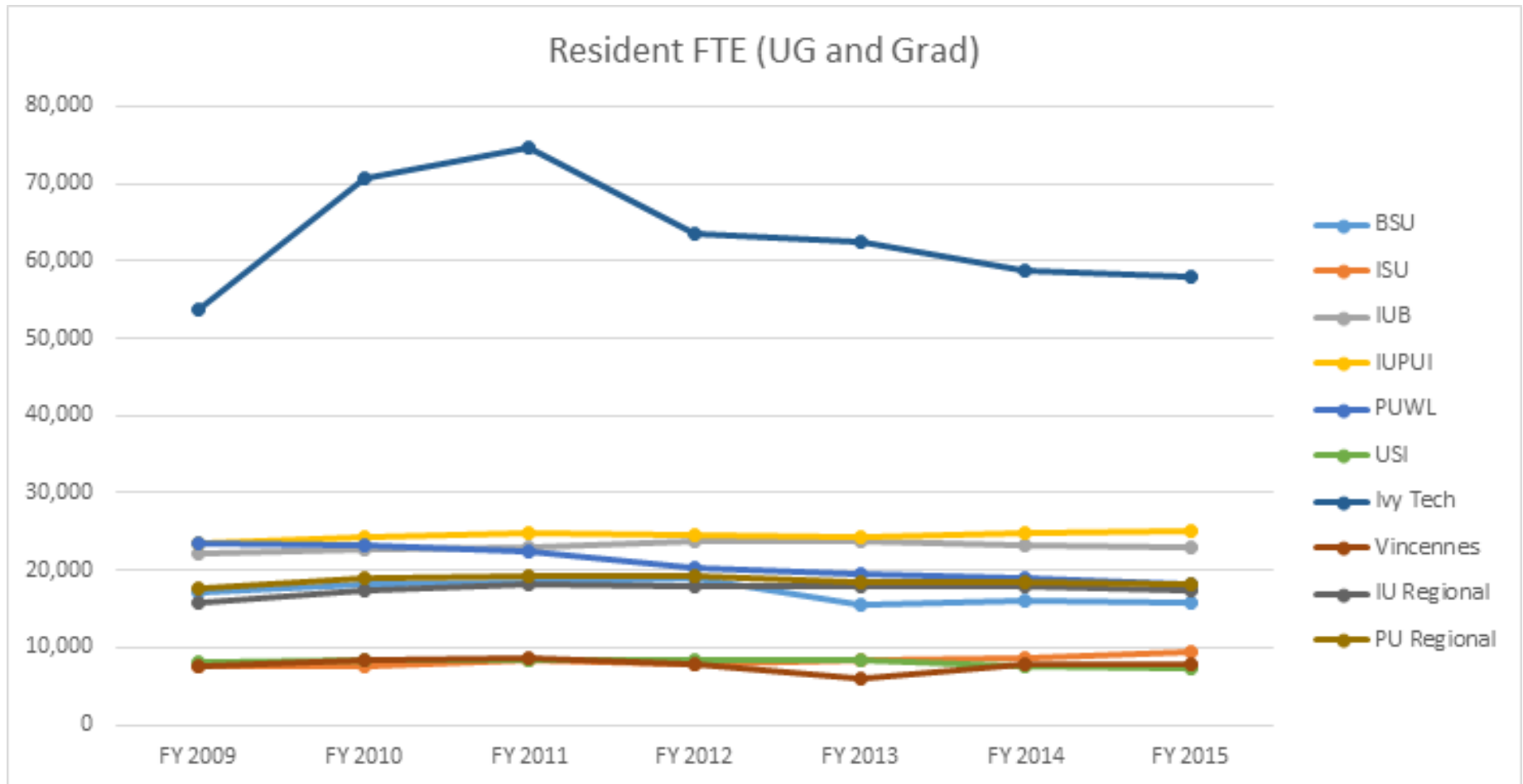


Persistence Success Rates (4-Year)

**3 Years of Data Available*

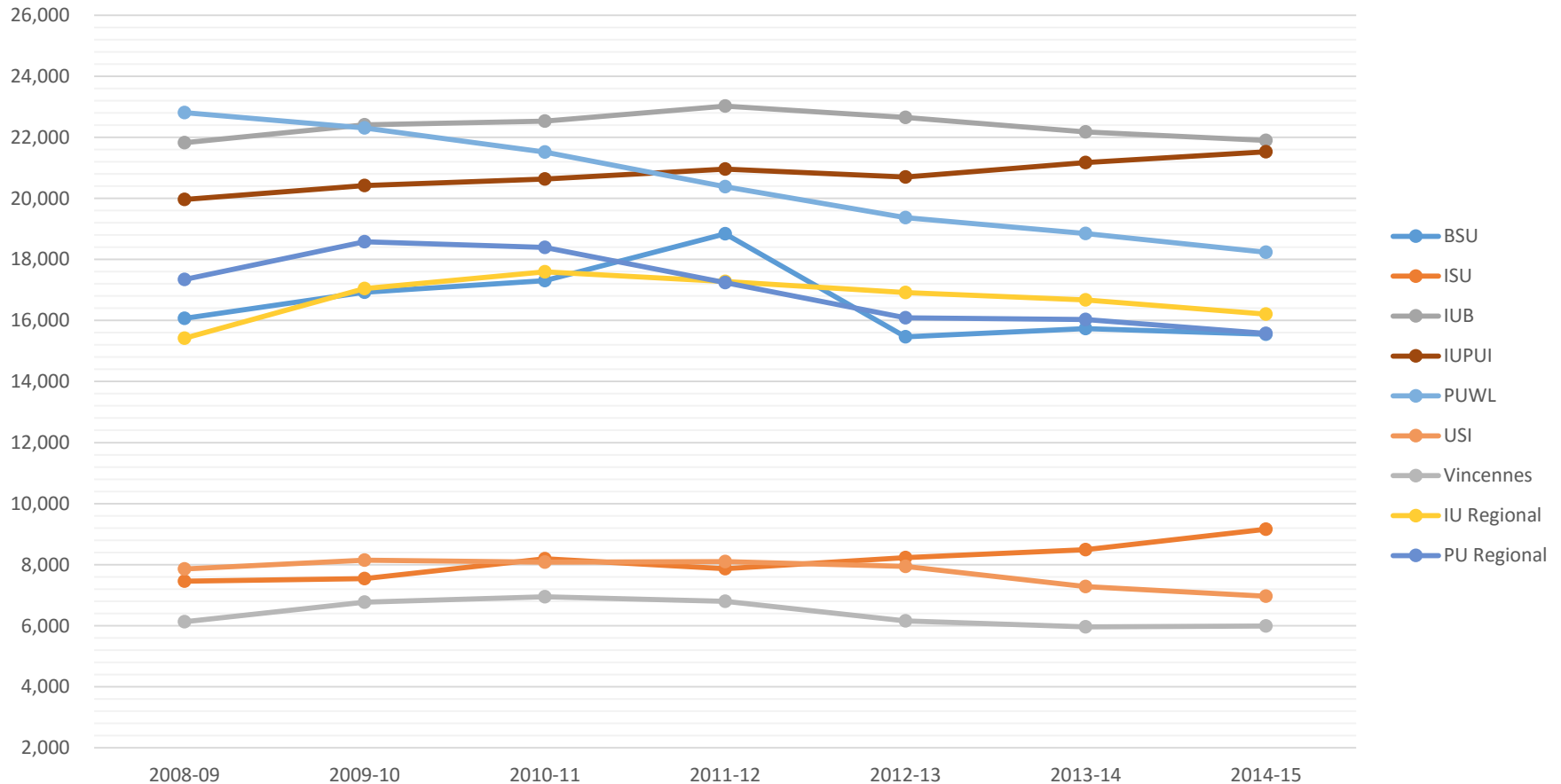


Resident FTE Enrollment w/ Ivy Tech



Resident FTE Enrollment w/o Ivy Tech

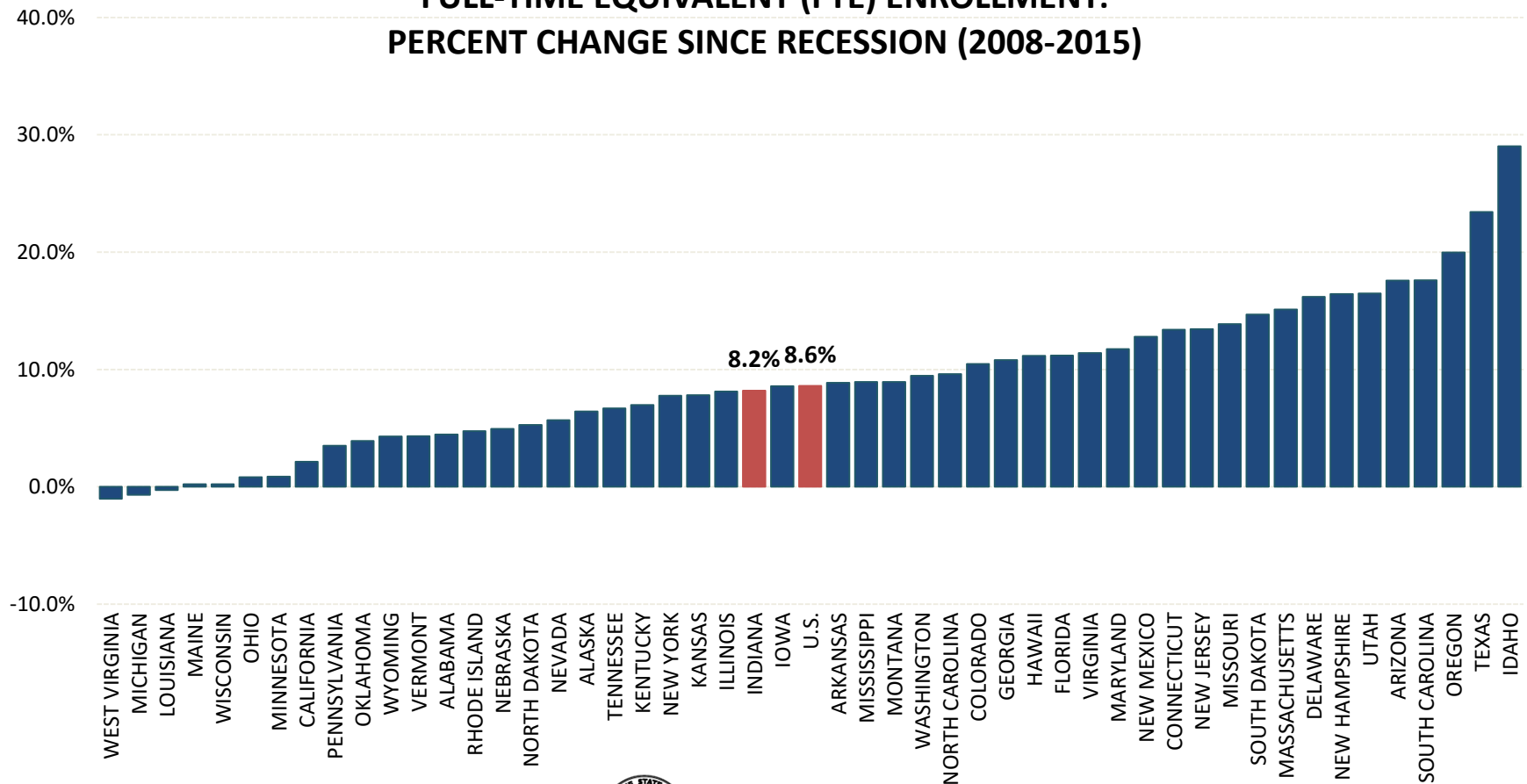
Resident FTE Excluding Ivy Tech (UG and Grad)



Indiana and the National Landscape

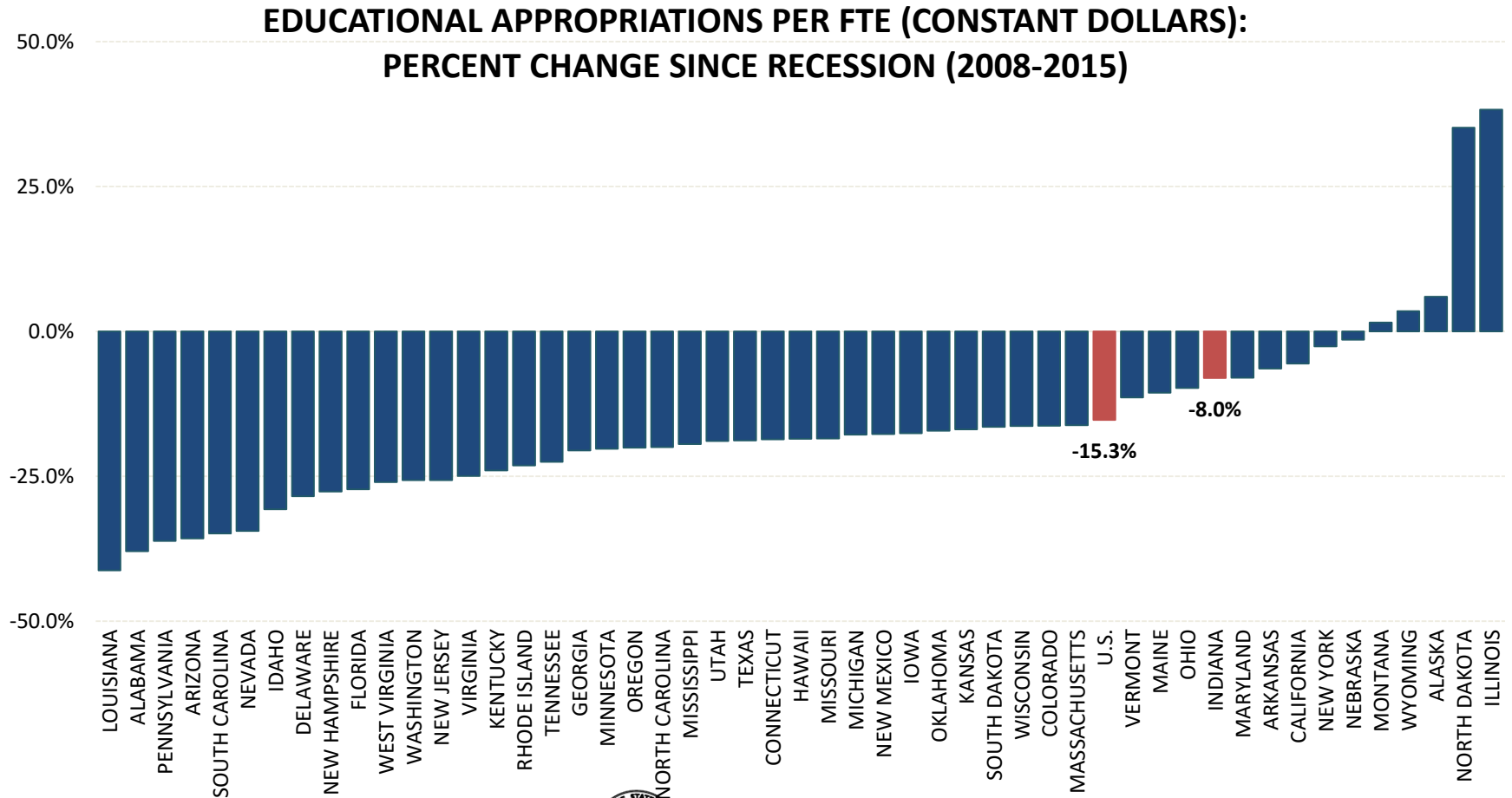
Indiana's Enrollment Increase Since 2008 Near National Average

**FULL-TIME EQUIVALENT (FTE) ENROLLMENT:
PERCENT CHANGE SINCE RECESSION (2008-2015)**



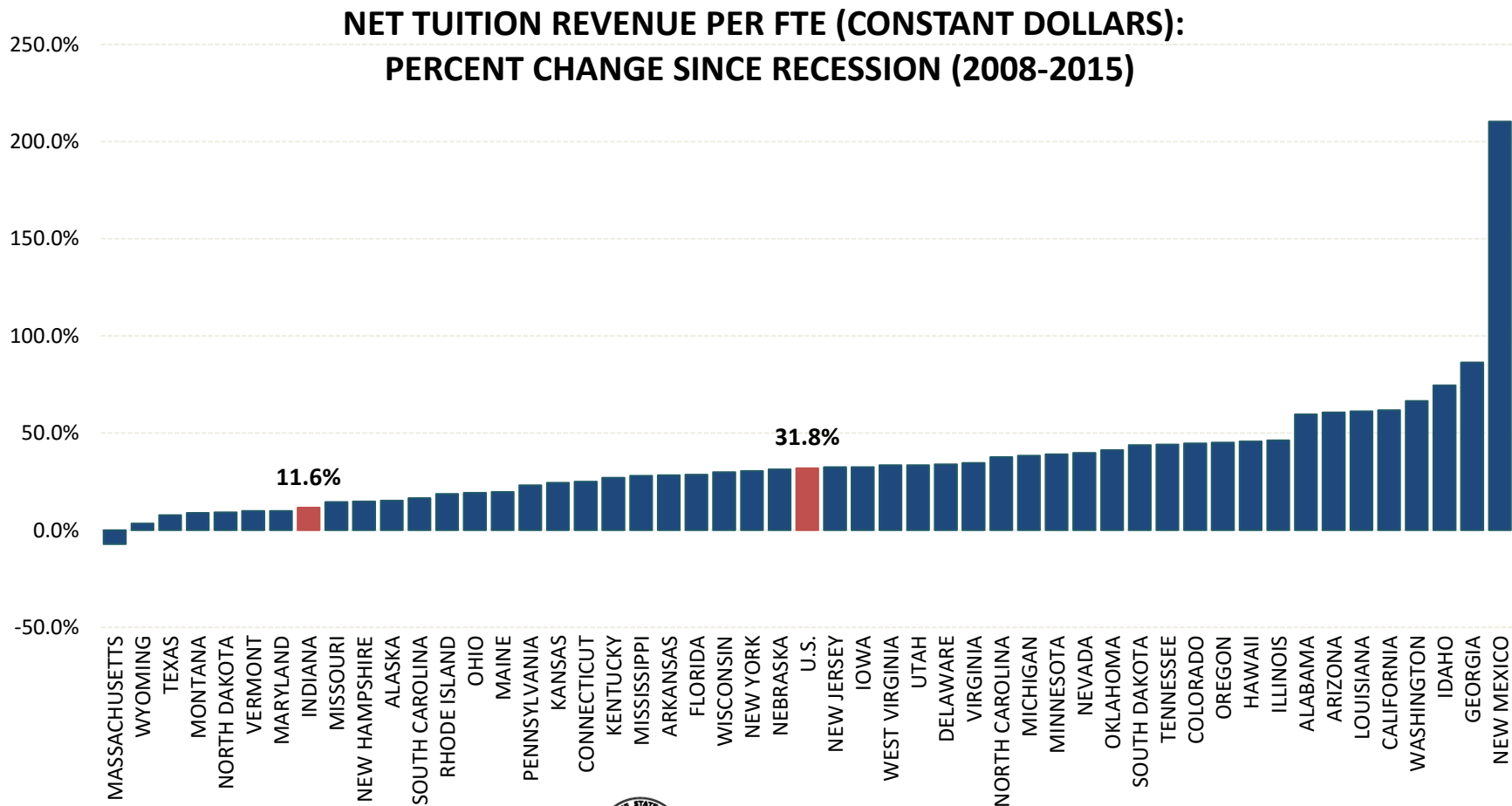
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Indiana's Funding for Higher Education Decreased Less than Most States



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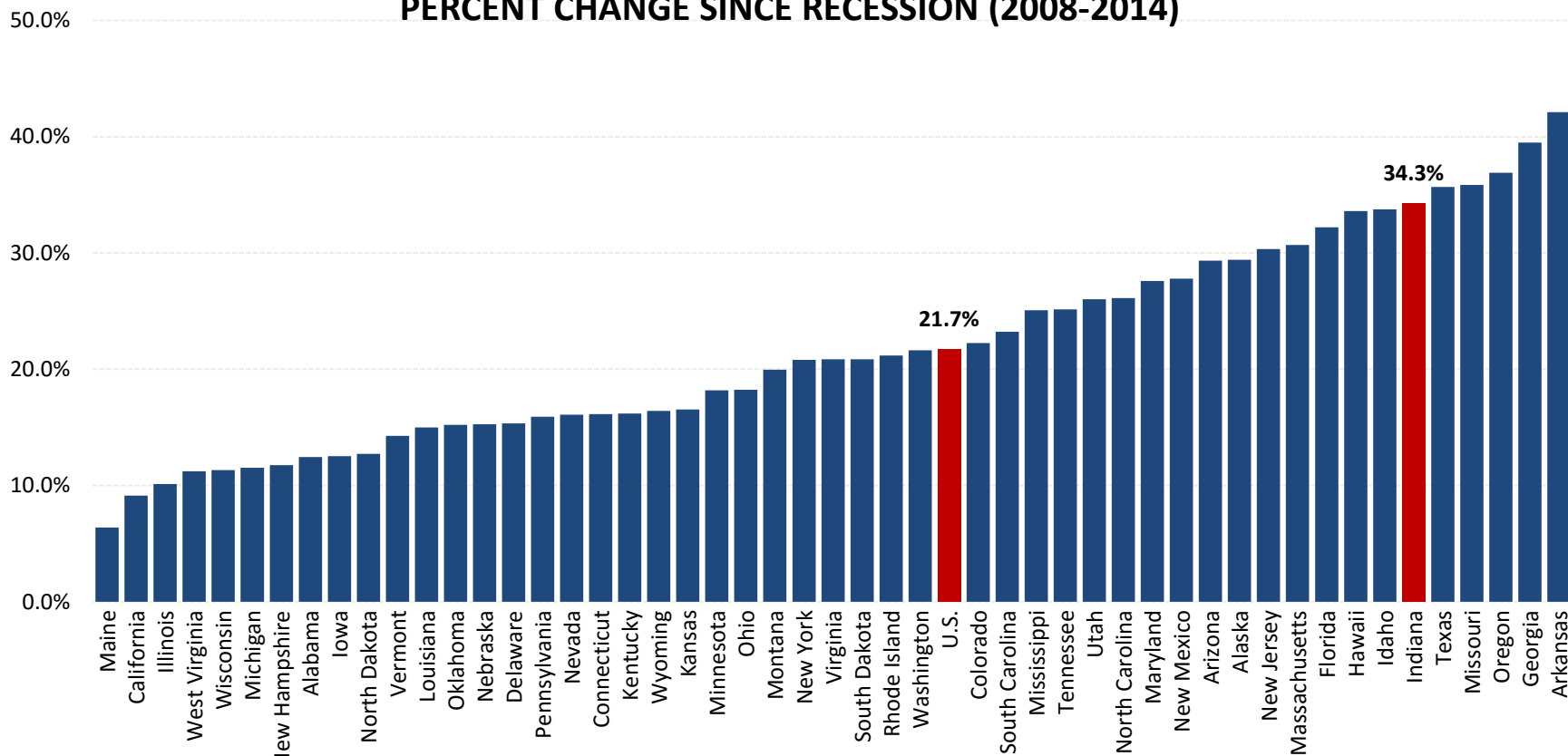
Indiana's Tuition Increases Among Lowest in Nation



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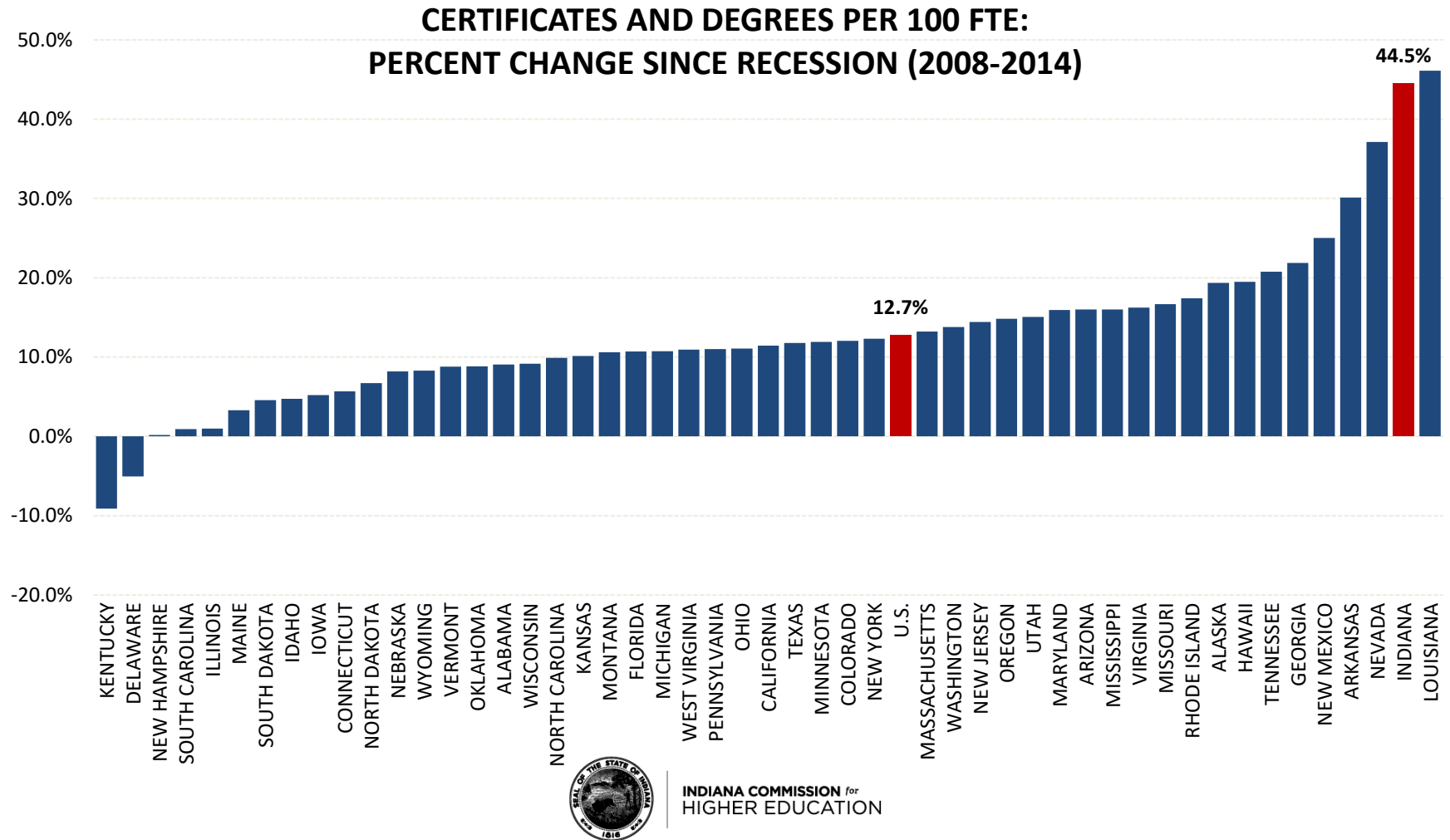
Indiana's Degree-Completion Growth is Outpacing the National Average

**TOTAL DEGREES AWARDED, EXCLUDING CERTIFICATES:
PERCENT CHANGE SINCE RECESSION (2008-2014)**



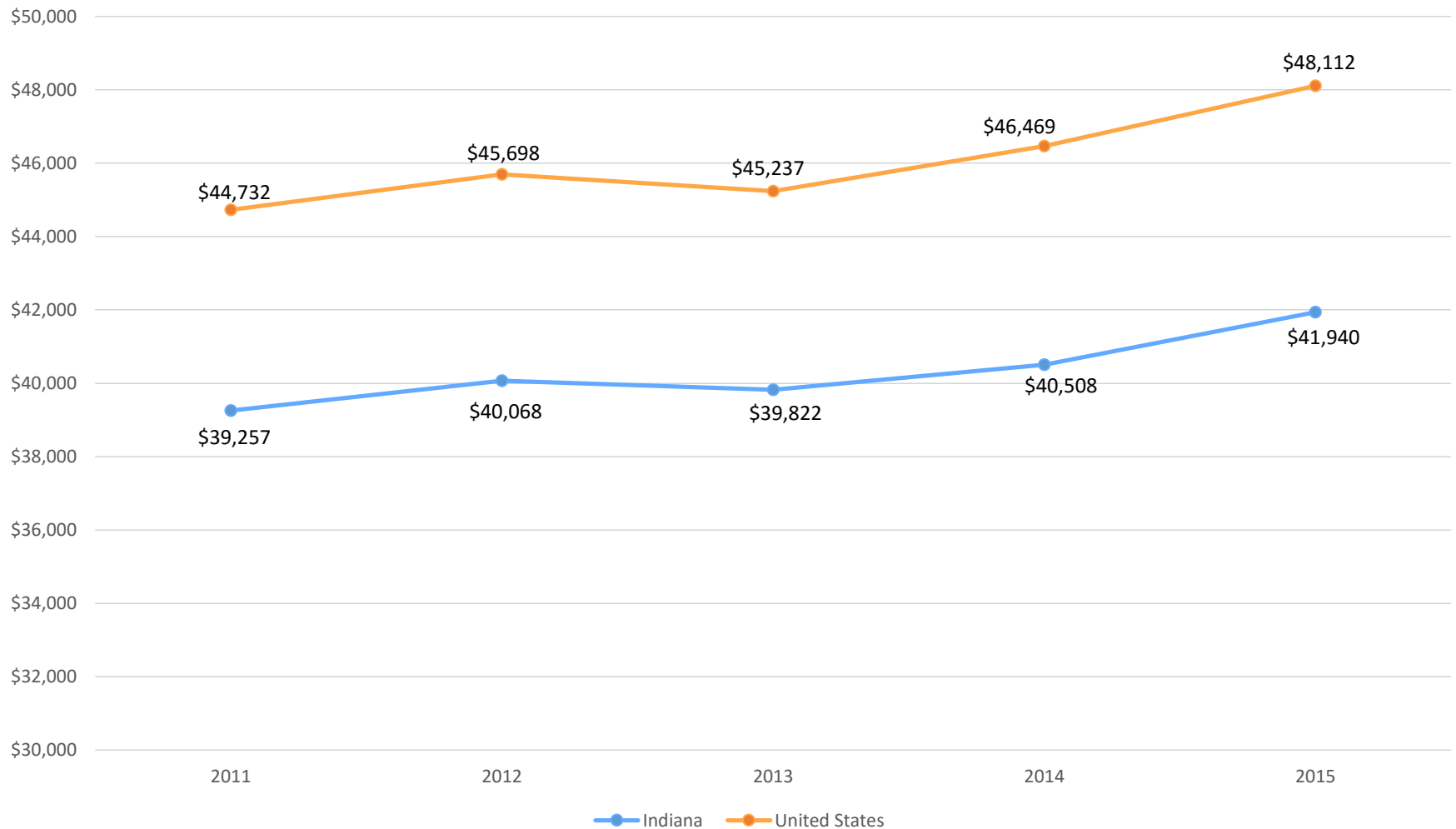
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With Certificates, Indiana's Growth is 2nd Highest in the Nation

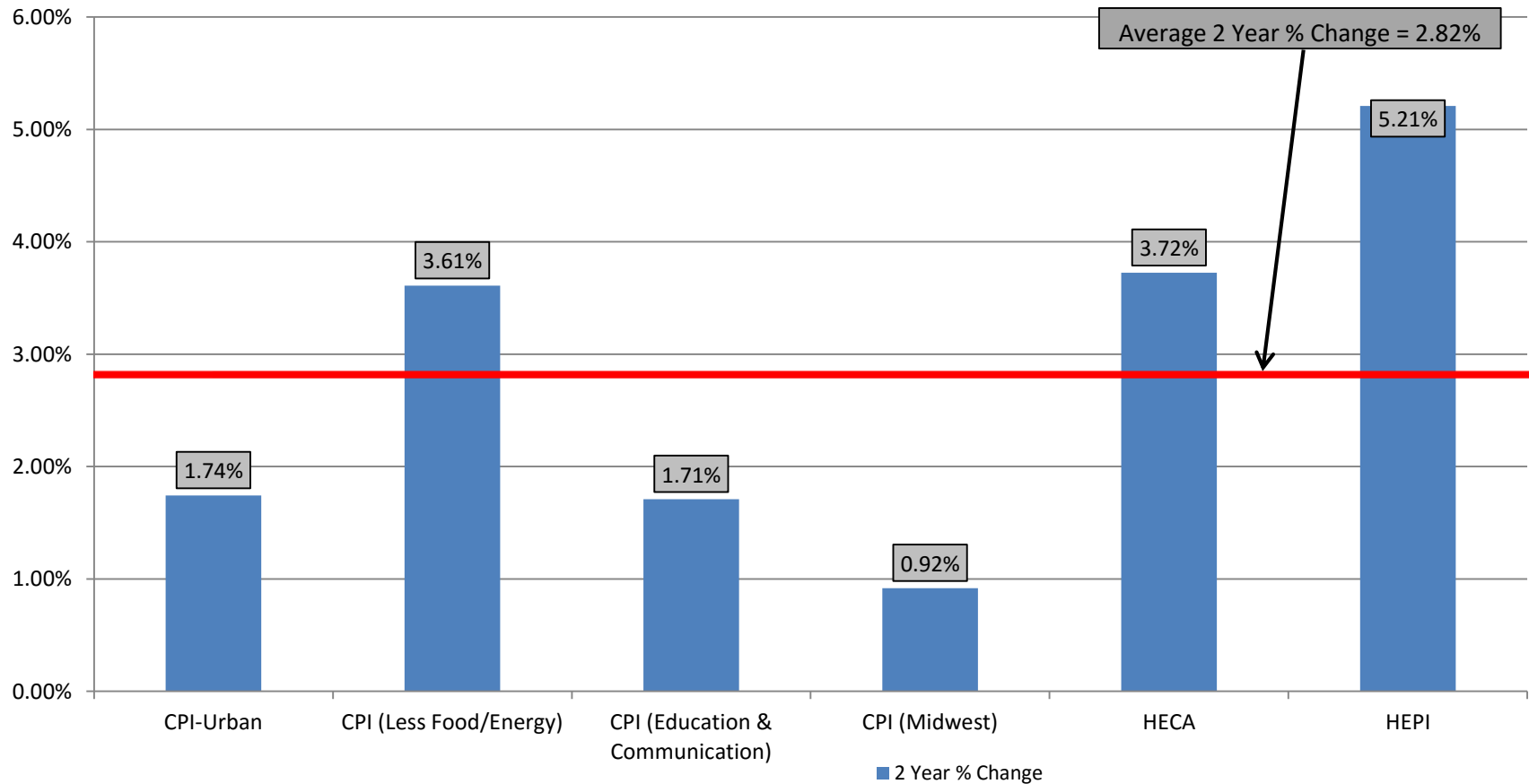


Per Capita Income

Per Capita Personal Income - Adjusted for Inflation 2011 - 2015

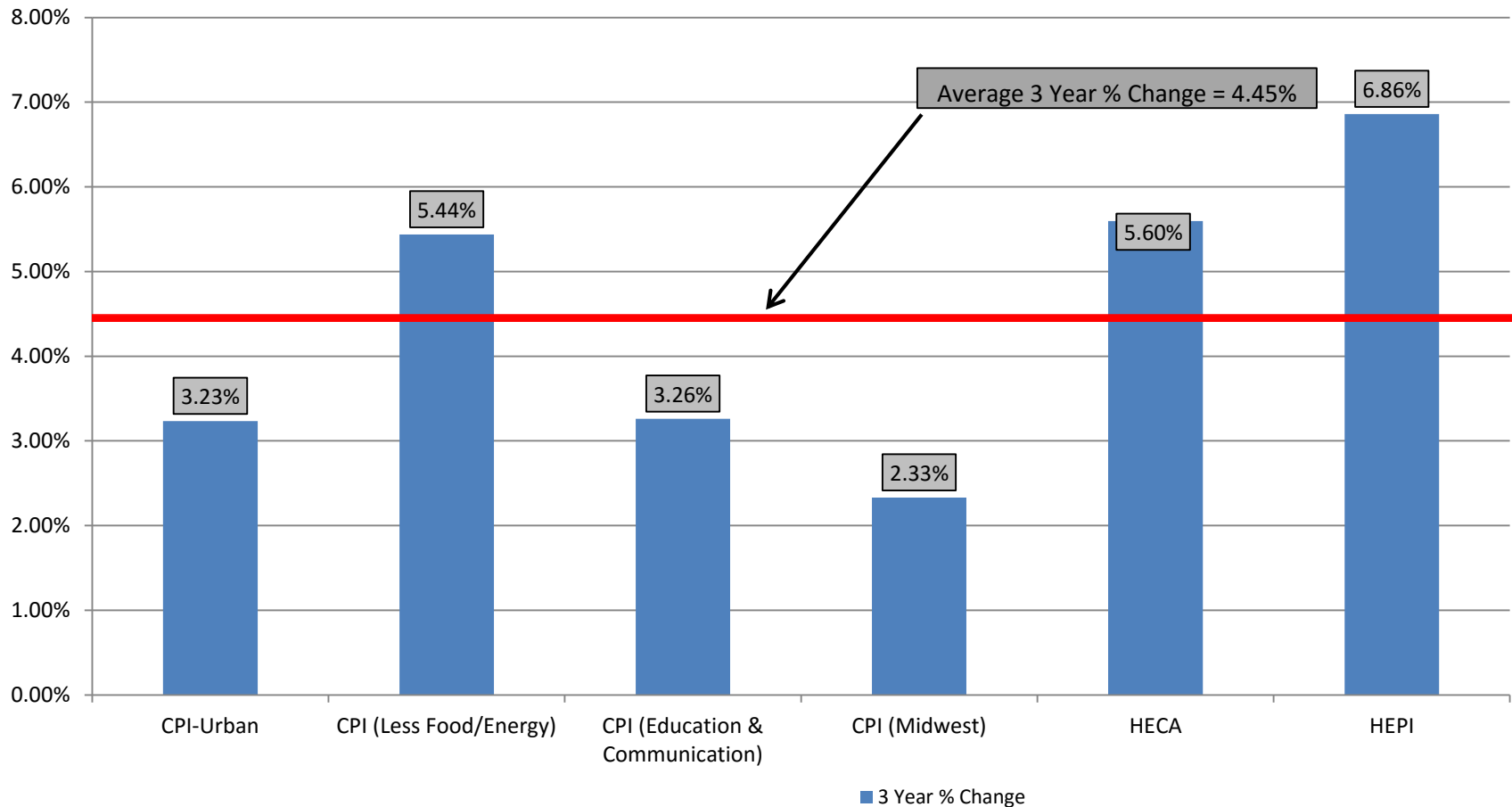


2-Year % Change (2013 Base Year)



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3-Year % Change (2012 Base Year)



State v. Higher Ed Funding

INDIANA	Higher Ed State GF Operating	State General Fund Operating	% of Total Budget
2011	\$1,754,481,203	\$13,904,128,619	12.6%
2012	\$1,696,072,128	\$13,710,536,895	12.4%
2013	\$1,701,724,252	\$14,055,686,287	12.1%
2014	\$1,824,198,503	\$14,775,090,173	12.3%
2015	\$1,807,462,173	\$15,016,689,596	12.0%
2016	\$1,884,453,974	\$15,089,859,909	12.5%
2017	\$1,901,745,590	\$15,524,340,987	12.3%
2 Year % Change	5.2%	3.4%	
5 Year % Change	12.1%	13.2%	
5 Year CAGR	2.3%	2.5%	



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Indiana's Higher Education Budget

Review of Budget Process

- **Spring 2016** – Commission voted to maintain the performance funding metrics with two minor adjustments: retiring the institutionally defined metric and adding 18-29 credit hour certificates for two-year institutions
- **September/October 2016** – Institutions presented budget requests to Commission
- **October 2016** – Budget and Productivity Committee (including full Commission) to discuss budget recommendation development
- **November 2016** – Commission votes on final budget recommendation
- **December 2016** – Commissioner presents 2017-19 budget recommendation for higher education to State Budget Committee

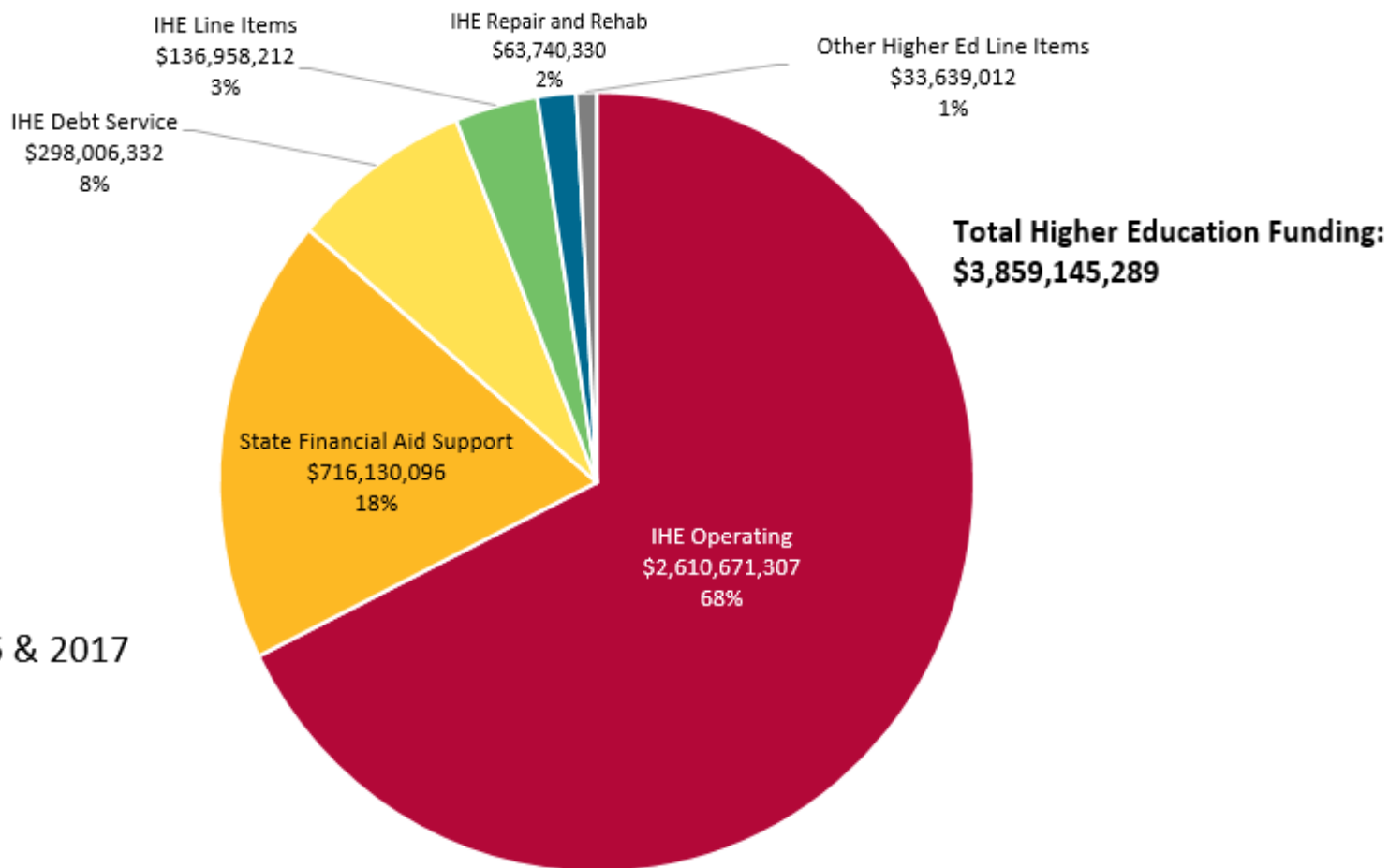


Goals for Commission Recommendation

1. **Align** recommendation to Indiana's *Reaching Higher, Delivering Value* strategic plan for higher education.
2. **Align** recommendation to support improved student success and completion—as well as greater affordability.
3. **Maintain** Indiana's commitment to student financial aid.
4. **Maintain** state's support for higher education.
5. **Increase** pool for performance funding and the amount of institutions' total budget funded through performance.



Components of Higher Education Budget



FY 2016 & 2017



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About the Budget Components

- **Operating** – Largest portion of higher education funding; direct state support to institutions
- **Student Financial Aid** – State tuition and fee support to students attending postsecondary institutions in Indiana
- **Debt Service/Capital** – State support for academic/administrative buildings bonded through student fees
- **Institution Line Items** – Specific line items housed within institutions for programs and services outside of the general operations (includes dual credit)
- **Repair and Rehabilitation** – State support for maintenance and upkeep of academic/administrative buildings
- **Other Higher Education Line Items** – State support for higher education functions, such as CHE, Medical Education Board, leases, Statewide Transfer Website, Budget Agency, etc.



Budget & Productivity Subcommittee
Budget Recommendation to Full
Commission

Budget Inputs

- Increase performance funding pool to 7% in FY18 with 3.7% reallocation and 3.5% new funds
- Increase performance funding pool to 8% in FY19 with 4.3% reallocation and 4% new funding
 - New funding reflects Commission's commitment to partnering with institutions to increase the level of performance funding in Indiana
 - Recognizes institutions' commitment to keeping tuition increases low
- Fund previously existing line items with a maximum increase being the lesser of the requested amount or 3.5% increase
- Fund USI's security line item
- Fund dual credit at \$50 per credit hour



Budget Inputs Continued

- Fund capital based on university submitted requests:
 - IU \$78.5M (Priority 1)
 - PU \$69M (Priority 1)
 - BSU \$77.6M (*Priority 1/minus \$9.9M reduction/match agreement*)
 - USI \$41M (Funds only request)
 - Ivy Tech \$78.9M (Priorities 1 & 2)
 - VU \$22M (All)
 - ISU \$15M (Funds only request)
- Resulting statewide debt ratio is 9.4% in FY18 and 10.7% in FY19
 - CHE recommended in 2015-17 11.1% and 10.6% in FY16/FY17
- Fund R&R at .50% (matching 2013-15 & 2015-17 levels) reflecting a 5.6% increase overall
- Commitment to maintaining support for financial aid



Statewide Budget Recommendation

	FY 2017 Appropriation	FY 2018			FY 2019		
		Appropriation	\$ Change from FY 2017	% Change from FY 2017	Appropriation	\$ Change from FY 2017	% Change from FY 2017
IHE Operating	\$1,316,785,856	\$1,362,873,263	\$46,087,407	3.5%	\$1,369,456,338	\$52,670,482	4.0%
IHE Debt Service	\$154,779,712	\$141,313,359	(\$13,466,353)	-8.7%	\$163,515,100	\$8,735,388	5.6%
IHE Repair and Rehab	\$31,870,165	\$33,643,342	\$1,773,177	5.6%	\$33,643,342	\$1,773,177	5.6%
IHE Line Items	\$66,979,106	\$76,341,481	\$9,362,375	14.0%	\$76,385,557	\$9,406,451	14.0%
State Financial Aid Support	\$350,932,108	\$350,722,217	(\$209,891)	-0.1%	\$335,547,104	(\$15,385,004)	-4.4%
Other Higher Ed Line Items	\$16,871,506	\$16,871,506	\$0	0.0%	\$16,871,506	\$0	0.0%
TOTAL GENERAL FUND*	\$1,938,218,453	\$1,981,765,168	\$43,546,715	2.2%	\$1,995,418,947	\$57,200,494	3.0%





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